

REAL PROPERTY TAX INCENTIVES In The Bahamas

In the 2016/2017 Budget Communication, Prime Minister Christie communicated the Government's intention to provide real property tax relief in respect of various properties as reflected in:-

- (i) The Real Property Tax (Amnesty) Order, 2016, which came into effect on 1st July, 2016 and encourages taxpayers in arrears with the payment of real property taxes to bring their accounts up to date; and
- (ii) The Real Property Tax (Waiver of Tax) Act, 2016, which also came into effect on 1st July, 2016, and provides for the waiver of real property tax arrears and accumulated surcharges in respect of owner-occupied properties and renovated dilapidated buildings.

Real Property Tax (Amnesty) Order, 2016

In accordance with the Real Property Tax (Amnesty) Order, 2016, a person who pays all of his outstanding real property tax arrears on or before 31st March, 2017 is entitled to a waiver of 100% of the surcharges that would otherwise have been payable. 50% of the surcharges will be waived if the arrears are settled in full on or before 30th June, 2017.

This amnesty will expire upon presentation of the Budget communication in 2017 and does not apply to any tax payer whose account, as of 1st July, 2016, was subject to a debt collection process.

The Real Property Tax (Waiver of Tax) Act, 2016

Waiver of tax and surcharge on owner-occupied property

All real property tax arrears and accumulated surcharges with respect to properties which (i) have been classified as owner-occupied for the past five (5) years; and (ii) have an assessed value of \$250,000.00 or less, are now waived.

Waiver of tax on renovated dilapidated buildings

The Minister of Finance may waive real property tax arrears and accumulated surcharges on dilapidated buildings purchased and renovated within a defined period to be used for commercial, community or educational purposes. In order to obtain the waiver, the taxpayer must make an application in writing to the Department of Inland Revenue and provide any supporting documents that the Minister may consider necessary.

This provision will expire two (2) years from the date of commencement of the Real Property Tax (Waiver of Tax) Act, 2016.

For more information, contact:-

Ja'Ann Major - jmajor@higgsjohnson.com; Sterling Cooke - scooke@higgsjohnson.com

The information contained in this bulletin is provided for the general interest of our readers, but is not intended to constitute legal advice. Clients and the general public are encouraged to seek specific advice on matters of concern. This bulletin can in no way serve as a substitute in such cases. Copyright ©2015 Higgs & Johnson. All rights reserved.